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MEMORANDUM

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FROM: Steven M. Olea
Director
Utilities Division

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CORP COMMISSION
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Arizona Corporation Commission

DOCKETED

MAR 18 2011

DATE: March 17, 2011



RE: GRANITE MOUNTAIN WATER COMPANY - REQUEST FOR EXTENSION OF
COMPLIANCE DEADLINES (DOCKET NO. W-02467A-09-0333 and W-02467A-09-0334)

In Decision No. 71869, dated September 1, 2010, the Arizona Corporation Commission ("A.C.C." or "Commission") approved the application of Granite Mountain Water Company, Inc. ("Granite Mountain" or "Company") for approval of rate increase and financing. Specifically, Decision No. 71869 stated that if the Company chose to address its inadequate storage capacity by drilling a replacement well to replace its existing Well No. 5, then the Company should docket, within six months of the date of the decision, the following:

"... copies of the Approval to Construct for the replacement well"

"... copies of the Approval of Construction for the replacement well."

Based on the September 1 2010 issuance date of Decision No. 71869, the original due dates for provision of the Approval to Construct ("ATC") and Approval of Construction ("AOC") were March 1, 2011 and March 1, 2012, respectively.

On February 23, 2011, Granite Mountain filed a request for an extension of time for the provision of the Arizona Department of Environmental Construction ("ADEQ") ATC for the replacement well. The application stated that the Company had received the authority from the Arizona Department of Water Resources to relocate the well and had submitted its ATC application to ADEQ. However, the Company's application did not provide a Company proposed due date for the ATC and, further, did not mention the need for a similar extension of time for the AOC requirement.

Therefore, on March 15, 2011, Staff contacted Mr. Matthew Lauterbach, the Water Administrator for Granite Mountain, to discuss the request for extension of time filing and seek additional information from the Company. Mr. Lauterbach stated that the Company logically should be seeking a corresponding extension of time on the AOC as well as the ATC. He verbally proposed six month extensions on the both the ATC and AOC requirements, until September 1, 2011 and September 1, 2012, respectively. Staff accepted this as a verbal amendment to the application for extension of time and processed the extension based on those requested dates.

Mr. Lauterbach also explained that the Company originally had to establish easements with Yavapai County and gain permitting approval from the Arizona Department of Water Resources.

The Company then prepared the application for ATC and submitted it to ADEQ. He felt that the additional time would be sufficient for the Company to respond to pending series of data requests from ADEQ during the ATC and/or AOC reviews. The extension time would also be beneficial in arranging the Water Infrastructure Finance Authority financing, finalizing a Commission case for financing authority and for construction on the new well prior to receipt of the AOC.

Based on all of the above, Staff does not object to the Company's proposed request for extensions of time until September 1, 2012 and September 1, 2012, respectively for provision of the ATC and AOC on the replacement well. Staff therefore recommends that the current due dates on the replacement well ATC and AOC be extended until those timeframes.

SMO:BKB:kdh

Originator: Brian K. Bozzo

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DOCKET NO.: W-01445A-06-0317

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